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ANNUAL REPORT 1964

FINLAYSON ENTERPRISES LTD.



To the Shareholders of

FINLAYSON ENTERPRISES LTD.

Your directors present herewith the consolidated financial statements of the Company and its subsidiaries for the year ended December 31, 1964. As forecast, the operations continue to show improvement. On a consolidated basis the operating profit after taxes of the Company totalled \$82,253 in 1964 as compared with a loss of \$54,957 in 1963.

Your Company's most important subsidiary, Stuart Brothers Limited, had an excellent year. Both the food flavour and the lime juice and oil operations of the Stuart Companies in the West Indies made a substantial contribution to the Company's total profit. The Griffiths-Kerr division, which wholesales bedspreads, had higher sales and profits. Record sales were achieved in the Dunhill subsidiary. The consolidation of the remaining agency lines in the Wood subsidiary resulted in reduced costs and this unit is now more than breaking even.

Grover Cast Stone Company Limited, which was largely responsible for the unsatisfactory results in 1963, showed a greatly reduced loss. The outlook for this subsidiary is much brighter.

The consolidated balance sheet shows the improvement in the Company's financial position. During the year the outstanding 7% notes, namely \$247,500, were repaid. There was also a substantial growth in the Company's net worth.

The Company's budget for 1965 forecasts continued profitable operations.

R. W. FINLAYSON

President.

TORONTO, ONTARIO, FRIDAY, FEBRUARY 5, 1965

## FINLAYSON EN

AND SUBSIDIA

## Consolidated Balance She

(With comparative fig

#### ASSETS

ASSEIS		
	1964	1963
CURRENT		
Cash on Hand and in Banks	\$ 55,681	\$ 32,941
Accounts Receivable, less allowance for doubtful accounts	484,693	453,972
Merchandise Inventories, at lower of cost and market	680,776	722,550
Cash Value of Life Insurance Policies	25,194	24,289
Prepaid Expenses	14,155	15,490
Corporation Income Taxes Refundable	2,049	3,231
Due from Foreign Subsidiary, not consolidated	3,977	8,927
Total Current Assets	\$1,266,525	\$1,261,400
Investment in Shares of Private Company—at cost	\$ 60,000	\$ 60,000
Investment in Foreign Subsidiaries		
(Not Consolidated)	\$ 7,464	\$ 5,471
Fixed		
Land, Buildings, Equipment, Automotive Equipment and Leasehold Improvements—at cost	\$ 485,987	\$ 492,380
Less: Accumulated Depreciation	187,749	179,560
Total Fixed Assets		\$. 312,820
Approved on behalf of the Board. R. W. FINLAYSON, Director		
G. A. Boddy, Director		
	\$1,632,227	\$1,639,691

#### AUDITORS' REPORT

We have examined the Consolidated Balance Sheet of FINLAYSON ENTERPRISES LTD. and its Subsidiary Companies as at 31st December 1964 and the Consolidated Statements of Earned Surplus and of Profit and Loss for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

The Consolidated Financial Statements include the accounts of a subsidiary in the West Indies, audited by a firm of Chartered Accountants in the West Indies, whose report we have accepted.

The assets and liabilities of two of the Company's subsidiaries in the West Indies, both engaged in the processing and sale of lime products, are not consolidated. The investment is stated at cost less an adjustment for the parent's proportion of the subsidiaries' losses less profits since acquisition and the resultant valuation represents the parent's proportion of the tangible net worth of the subsidiaries at 31st December 1964. Losses less profits of the subsidiaries have been fully provided for and the profit for the year ended 31st December 1964 has been included in the Consolidated Statement of Profit and Loss.

In our opinion and according to the best of our information and the explanations given to us, and as shown by the books of the Companies, the above Consolidated Balance Sheet and accompanying Consolidated Statements of Earned Surplus and of Profit and Loss are properly drawn up so as to exhibit a true and correct view of the state of the Companies' affairs as at 31st December 1964 and the results of their operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

We have received all the information and explanations we have required.

TORONTO, ONTARIO, 5th February, 1965.

JAMES M. DUNWOODY & Co.

Chartered Accountants

# ERPRISES LTD.

COMPANIES

## as at 31st December 1964

at 31st December 1963)

#### LIABILITIES

		1964		1963
CURRENT				
Bank Loan—(Secured)	\$	251,000	\$	126,000
Accounts Payable and Accrued Charges		419,589		385,129
Provision for Income and Other Taxes		34,827		13,088
Amounts Payable within one year on Deferred Liabilities		-		123,750
Total Current Liabilities	\$	705,416	\$	647,967
Deferred and Secured			_	
7% Notes Payable	\$		\$	123,750
6% Deferred Loan		550,000	1.	550,000
Total Deferred Liabilities	\$	550,000	\$	673,750
Shareholders' Equity				
CAPITAL				
Authorized:				
16,133 Class "A" Shares without nominal or par value				
100,000 Class "B" Shares without nominal or par value				
600,438 Class "C" Shares of par value \$1.00 each, of which 19,962 shares have been issued and redeemed				
Issued and Fully Paid:				
16,133 Class "A" Shares ( 49,934 Class "B" Shares (	\$	221,233	\$	221,233
EARNED SURPLUS, as per Statement attached				
Unappropriated	\$	135,616	\$	76,779
Restricted as to Distribution to Shareholders		19,962		19,962
	\$	155,578	\$	96,741
Total Shareholders' Equity	\$	376,811	\$	317,974
	\$1	1,632,227	\$1	,639,691
	-		-	

#### Notes:

- 1. The assets, liabilities, income and expenses of two foreign subsidiaries are consolidated at the rates of exchange in effect at 31st December 1964.
- 2. The Company has guaranteed the indebtedness of one of its subsidiaries, not consolidated, up to the amount of \$95,000.
- 3. The Company has issued a debenture to its bankers, representing a floating charge on the assets of the Company, for indebtedness to the bank up to \$1,000,000.
- 4. Options to certain key executives are outstanding with respect to 9,500 Class "B" shares exercisable at \$5.00 per share until 22nd January 1968 and a further 2,500 Class "B" shares are set aside for sale or option to executives.
- 5. The Company and some of its subsidiaries are involved in certain legal actions but the Companies have, with the advice of counsel, taken the position that the claims against them have no justification.

### FINLAYSON ENTERPRISES LTD.

AND SUBSIDIARY COMPANIES

Consolidated Statement of Profit and Loss for Year Ende (With comparative figures for year ended 31st December 1963)		
	1964	1963
Profit on Operations for the year, before accounting for the undernoted items	\$ 266,560	\$ 136,891
Add:		
Income from Investments		\$ 2,000
Parent's proportion of profit of Subsidiaries not consolidated	2,192	
	\$ 8,272	\$ 2,000
	\$ 274,832	\$ 138,891
Less:		
Directors' Fees		\$ 2,450
Legal Fees		8,100
Executive Remuneration		78,056
Interest on Indebtedness not maturing within one year		36,535
Provision for Depreciation and Amortization of Fixed Assets		41,144
		\$ 166,285
Profit or (Loss) before providing for Income Taxes		\$ (27,394)
Provision for Income Taxes		27,563
Operating Profit or (Loss) after Income Taxes		\$ (54,957)
1962 Provision for Income Taxes of Subsidiary no longer required		23,842
Adjustments of Prior Year's Operations	(7,580)	
Net Profit or (Loss), carried to Earned Surplus	\$ 74,673	\$ (31,115)
Consolidated Statement of Earned Surplus for Year Ende (With comparative figures for year ended 31st December 1963)  UNAPPROPRIATED	ed 31st Decembe	r 1964
(With comparative figures for year ended 31st December 1963) UNAPPROPRIATED		
(With comparative figures for year ended 31st December 1963)  UNAPPROPRIATED  Balance at beginning of year		\$ 196,481
(With comparative figures for year ended 31st December 1963) UNAPPROPRIATED		\$ 196,481 (31,115)
(With comparative figures for year ended 31st December 1963)  UNAPPROPRIATED  Balance at beginning of year		\$ 196,481
(With comparative figures for year ended 31st December 1963)  UNAPPROPRIATED  Balance at beginning of year	\$ 76,779 	\$ 196,481 (31,115)
(With comparative figures for year ended 31st December 1963)  UNAPPROPRIATED  Balance at beginning of year	\$ 76,779 	\$ 196,481 (31,115)
(With comparative figures for year ended 31st December 1963)  UNAPPROPRIATED  Balance at beginning of year	\$ 76,779 	\$ 196,481 (31,115) \$ 165,366
(With comparative figures for year ended 31st December 1963)  UNAPPROPRIATED  Balance at beginning of year  Net Profit or (Loss), carried from Statement of Profit and Loss.  Less:  Cash Dividends paid during year—  Class "A" Shares.	\$ 76,779 74,673 \$ 151,452 \$ 12,907	\$ 196,481 (31,115) \$ 165,366
(With comparative figures for year ended 31st December 1963)  UNAPPROPRIATED  Balance at beginning of year  Net Profit or (Loss), carried from Statement of Profit and Loss.  Less:  Cash Dividends paid during year—  Class "A" Shares.  Class "B" Shares.	\$ 76,779 	\$ 196,481 (31,115) \$ 165,366
(With comparative figures for year ended 31st December 1963)  UNAPPROPRIATED  Balance at beginning of year  Net Profit or (Loss), carried from Statement of Profit and Loss  Less:  Cash Dividends paid during year—  Class "A" Shares.  Class "B" Shares.  Stock Dividend on Class "B" Shares.	\$ 76,779 \$ 74,673 \$ 151,452 \$ 12,907 	\$ 196,481 (31,115) \$ 165,366 \$ 12,907 11 19,962
(With comparative figures for year ended 31st December 1963)  UNAPPROPRIATED  Balance at beginning of year.  Net Profit or (Loss), carried from Statement of Profit and Loss.  Less:  Cash Dividends paid during year—  Class "A" Shares.  Class "B" Shares.  Stock Dividend on Class "B" Shares.  Transferred on Redemption of Class "C" Shares under Section 61 of the Companies	\$ 76,779 \tag{74,673}{\\$ 151,452} \tag{12,907} 	\$ 196,481 (31,115) \$ 165,366 \$ 12,907 11 19,962 19,962 767
(With comparative figures for year ended 31st December 1963)  UNAPPROPRIATED  Balance at beginning of year  Net Profit or (Loss), carried from Statement of Profit and Loss  Less:  Cash Dividends paid during year—  Class "A" Shares  Class "B" Shares  Stock Dividend on Class "B" Shares  Transferred on Redemption of Class "C" Shares under Section 61 of the Companies  Life Insurance Premiums (net)	\$ 76,779 74,673 \$ 151,452 \$ 12,907 	\$ 196,481 (31,115) \$ 165,366 \$ 12,907 11 19,962 19,962 767 34,978
(With comparative figures for year ended 31st December 1963)  UNAPPROPRIATED  Balance at beginning of year  Net Profit or (Loss), carried from Statement of Profit and Loss  Less:  Cash Dividends paid during year—  Class "A" Shares  Class "B" Shares  Stock Dividend on Class "B" Shares  Transferred on Redemption of Class "C" Shares under Section 61 of the Companies  Life Insurance Premiums (net)	\$ 76,779  74,673  \$ 151,452  \$ 12,907	\$ 196,481 (31,115) \$ 165,366 \$ 12,907 11 19,962 19,962 767 34,978 \$ 88,587
(With comparative figures for year ended 31st December 1963)  UNAPPROPRIATED  Balance at beginning of year  Net Profit or (Loss), carried from Statement of Profit and Loss  Less:  Cash Dividends paid during year—  Class "A" Shares.  Class "B" Shares.  Stock Dividend on Class "B" Shares.  Transferred on Redemption of Class "C" Shares under Section 61 of the Companies Life Insurance Premiums (net).  Provision for Parent's proportion of Losses since acquisition of Subsidiaries not conso	\$ 76,779  74,673  \$ 151,452  \$ 12,907	\$ 196,481 (31,115) \$ 165,366 \$ 12,907 11 19,962 19,962 767 34,978
(With comparative figures for year ended 31st December 1963)  UNAPPROPRIATED  Balance at beginning of year  Net Profit or (Loss), carried from Statement of Profit and Loss  Less:  Cash Dividends paid during year—  Class "A" Shares  Class "B" Shares  Stock Dividend on Class "B" Shares.  Transferred on Redemption of Class "C" Shares under Section 61 of the Companies Life Insurance Premiums (net)  Provision for Parent's proportion of Losses since acquisition of Subsidiaries not conso Balance at end of year  RESTRICTED AS TO DISTRIBUTION TO SHAREHOLDERS (Surplus arising from redemption of Class "C" Shares under Section 61 of the Companies A	\$ 76,779 74,673 \$ 151,452 \$ 12,907 	\$ 196,481 (31,115) \$ 165,366 \$ 12,907 11 19,962 19,962 767 34,978 \$ 88,587 \$ 76,779
(With comparative figures for year ended 31st December 1963)  UNAPPROPRIATED  Balance at beginning of year  Net Profit or (Loss), carried from Statement of Profit and Loss  Less:  Cash Dividends paid during year—  Class "A" Shares  Class "B" Shares  Stock Dividend on Class "B" Shares  Transferred on Redemption of Class "C" Shares under Section 61 of the Companies  Life Insurance Premiums (net)  Provision for Parent's proportion of Losses since acquisition of Subsidiaries not conso  Balance at end of year  RESTRICTED AS TO DISTRIBUTION TO SHAREHOLDERS (Surplus arising from redemption of Class "C" Shares under Section 61 of the Companies A Balance at beginning of year	\$ 76,779  74,673 \$ 151,452  \$ 12,907	\$ 196,481 (31,115) \$ 165,366 \$ 12,907 11 19,962 19,962 767 34,978 \$ 88,587 \$ 76,779
(With comparative figures for year ended 31st December 1963)  UNAPPROPRIATED  Balance at beginning of year.  Net Profit or (Loss), carried from Statement of Profit and Loss.  Less:  Cash Dividends paid during year— Class "A" Shares.  Class "B" Shares.  Stock Dividend on Class "B" Shares.  Transferred on Redemption of Class "C" Shares under Section 61 of the Companies Life Insurance Premiums (net).  Provision for Parent's proportion of Losses since acquisition of Subsidiaries not conso Balance at end of year.  RESTRICTED AS TO DISTRIBUTION TO SHAREHOLDERS (Surplus arising from redemption of Class "C" Shares under Section 61 of the Companies A Balance at beginning of year.  Transferred during year.	\$ 76,779  74,673  \$ 151,452  \$ 12,907	\$ 196,481 (31,115) \$ 165,366 \$ 12,907 11 19,962 19,962 767 34,978 \$ 88,587 \$ 76,779 \$ - 19,962
(With comparative figures for year ended 31st December 1963)  UNAPPROPRIATED  Balance at beginning of year.  Net Profit or (Loss), carried from Statement of Profit and Loss.  Less:  Cash Dividends paid during year—  Class "A" Shares.  Class "B" Shares.  Stock Dividend on Class "B" Shares.  Transferred on Redemption of Class "C" Shares under Section 61 of the Companies Life Insurance Premiums (net).  Provision for Parent's proportion of Losses since acquisition of Subsidiaries not conso Balance at end of year.  RESTRICTED AS TO DISTRIBUTION TO SHAREHOLDERS (Surplus arising from redemption of Class "C" Shares under Section 61 of the Companies A Balance at beginning of year.  Transferred during year.  Balance at end of year.	\$ 76,779  74,673  \$ 151,452  \$ 12,907	\$ 196,481 (31,115) \$ 165,366 \$ 12,907 11 19,962 19,962 767 34,978 \$ 88,587 \$ 76,779
With comparative figures for year ended 31st December 1963)  UNAPPROPRIATED  Balance at beginning of year  Net Profit or (Loss), carried from Statement of Profit and Loss  Less:  Cash Dividends paid during year—  Class "A" Shares  Class "B" Shares  Stock Dividend on Class "B" Shares  Transferred on Redemption of Class "C" Shares under Section 61 of the Companies Life Insurance Premiums (net)  Provision for Parent's proportion of Losses since acquisition of Subsidiaries not conso Balance at end of year.  RESTRICTED AS TO DISTRIBUTION TO SHAREHOLDERS (Surplus arising from redemption of Class "C" Shares under Section 61 of the Companies A Balance at beginning of year  Transferred during year  Balance at end of year, of which \$4,963 as at 31st December 1964 is tax-paid undistributed	\$ 76,779  74,673  \$ 151,452  \$ 12,907	\$ 196,481 (31,115) \$ 165,366 \$ 12,907 11 19,962 19,962 767 34,978 \$ 88,587 \$ 76,779 \$ - 19,962 \$ 19,962
(With comparative figures for year ended 31st December 1963)  UNAPPROPRIATED  Balance at beginning of year.  Net Profit or (Loss), carried from Statement of Profit and Loss.  Less:  Cash Dividends paid during year—  Class "A" Shares.  Class "B" Shares.  Stock Dividend on Class "B" Shares.  Transferred on Redemption of Class "C" Shares under Section 61 of the Companies Life Insurance Premiums (net).  Provision for Parent's proportion of Losses since acquisition of Subsidiaries not conso Balance at end of year.  RESTRICTED AS TO DISTRIBUTION TO SHAREHOLDERS (Surplus arising from redemption of Class "C" Shares under Section 61 of the Companies A Balance at beginning of year.  Transferred during year.  Balance at end of year.	\$ 76,779  74,673 \$ 151,452  \$ 12,907	\$ 196,481 (31,115) \$ 165,366 \$ 12,907 11 19,962 19,962 767 34,978 \$ 88,587 \$ 76,779 \$ - 19,962

## FINLAYSON ENTERPRISES LTD.

#### DIRECTORS

R. W. FINLAYSON
H. SUTHERLAND

J. C. W. Armstrong G. A. Boddy R. H. HOPPE H. T. O'NEILL

D. A. McIntosh, Q.C.

#### **OFFICERS**

President - - - - - - - - - - - - - - R.W. FINLAYSON

Vice-President and Treasurer - - - - - - - - - - - - - - - - G. A. BODDY

Vice-President - - - - - - - - - - - - - - - - R. H. HOPPE

Secretary - - - - - - - - - - - - - - - H. SUTHERLAND

#### **SUBSIDIARIES**

FOOD FLAVOURS
STUART BROTHERS LIMITED & SUBSIDIARIES

PRECAST CONCRETE PRODUCTS
GROVER CAST STONE COMPANY LIMITED

DRUGS & TOILETRIES
W. LLOYD WOOD CO. LIMITED

SMOKERS' REQUISITES
ALFRED DUNHILL OF LONDON, LIMITED

TOILETRIES & COSMETICS
PALMERS LIMITED

REGISTRAR AND TRANSFER AGENT

CANADA PERMANENT TRUST COMPANY
WINNIPEG, MANITOBA

BANKERS

THE BANK OF NOVA SCOTIA
TORONTO, ONTARIO